

Government Oversight Committee
Expanded Use of the ICN
July 23, 2006
Comments of Robert Haug, Executive Director
Iowa Association of Municipal Utilities

Good afternoon, my name is Bob Haug. I am the executive director of the Iowa Association of Municipal Utilities. Our members include nearly 550 cities that operate utilities of one kind or another, including 136 electric utilities, 49 gas systems, 550 water utilities, and 28 municipal broadband systems. I have been asked to provide examples of potential uses of the ICN by our members.

First, allow me to commend the committee for addressing this question. We believe that the ICN is a unique asset for our state – one that has been uniquely under-utilized to the detriment of our citizens. An expanded role for the ICN could do much to promote opportunities for job creation and economic expansion. In cities that have established municipal broadband systems, we have seen the economic development that comes with deployment of truly high-speed infrastructure, when it is available at affordable rates.

Broader deployment of broadband service is needed for the economic health of Iowa and our nation. In the years I have been following this issue, the US has dropped in the ranking of countries in deployment of broadband. We are currently 16th in broadband deployment. We also trail other industrialized nations in Internet access speeds. USA Today reports that US consumers have a median download speed of just 1.97 megabits per second. That compares to 61 Mbps in Japan, 45 Mbps in South Korea, 17 Mbps in France, and 7 Mbps in Canada. In that same study by the Communication Workers of America, Iowa ranked 47th among states in Internet download speeds at 1.26 Mbps.¹ Affordability is key to utilization, but there too the US lags. We are 12th in price paid per Mbps. “Americans pay \$3.18/Mbps, while prices in Japan and Korea are as low as \$0.22/Mbps and \$0.042/Mbps, respectively.”² Unlocking the potential of the ICN can only improve prospects for greater availability of truly high-speed infrastructure at rates that Iowa consumers can afford to pay.

As for the potential uses our members might make if there was expanded access to the ICN, these include the possibility of establishing redundant fiber loops that would allow us to share new technology. For example, cable TV providers, including municipal broadband systems, are being required to offer digital service. The head-end equipment to provide this service is very expensive, yet the service enjoys little consumer demand. Access to fiber loops, which might include ICN fiber, would enable municipal and independent service providers to share head-end equipment. Some municipals and rural independent systems already share head-end equipment and telephone switching equipment. More could do so with greater access to fiber networks. Opening the ICN to access for this purpose would likely lead other fiber owners to offer similar service at competitive rates. For example, Osage Municipal Utilities notes that it partners with the

¹ USA TODAY, June 25, 2007.

² Broadband Reports.com, July 16, 2007.

independent company, OmniTel, for telephone switch termination and cable TV signal. The same partnership provides dark fiber service between Osage and St. Ansgar for the Mitchell County Regional Hospital. Access to the ICN might facilitate similar service at competitive rates for other medical facilities throughout the state.

The City of Pocahontas has been discussing ways to share equipment and personnel with neighboring cities for accounting and billing functions. Access to the ICN might allow these cities to create a multi-city network, reducing software license and update fees and eliminating duplication of equipment, such as high output printers and folder/inserters machines. Such a network would also allow the cities to share personnel.

Bellevue Municipal Utilities is in the process of deploying a fiber-to-the-home system. They would welcome the opportunity to use the ICN to build out to other communities. They also see the possibility of connecting a satellite medical clinic in Bellevue to the main office in Dubuque. A fiber-based network would improve the clinic's transfer of medical records, x-rays, and other diagnostic data and would greatly enhance the medical services available to Bellevue residents.

There are many other opportunities for uses of the ICN by cities and city utilities. As we begin to address the issue of climate change, access to the ICN could allow us to deliver energy efficiency services. Many of our members are also required to provide metered data to power suppliers in real time. Access to the ICN could provide a more efficient method for meeting these obligations. Any of these services could provide new revenue streams that would allow the ICN to be self-sufficient and to become a robust network that works for the benefit of all Iowans.

Beyond uses that our members might make of the ICN, our association and other non-profit organization could benefit from use of the ICN. We provides a wide range of technical services through community clusters throughout the state, primarily for job training and safety and services related to compliance with OSHA regulations. This training is currently conducted almost exclusively through on-site visits and classes held in the region. If Representative Ford's legislation, HF 686, were to pass, non-profit organizations like ours would look to expanded use of the ICN as a way to deliver some of this training.

In general, we believe that greater access by cities and city utilities to the ICN would have the effect of encouraging other fiber providers to offer competing service. The result would be greater opportunities for more efficient local government, economic development, education, and medical services. Why not give it a try?

Thank you for the opportunity to present these remarks. I would be happy to entertain any questions you might have.